










DCUSA Consultation	At what stage is this document in the process?
<h1>DCP 295</h1> <h2>CVA Registrants acceding to the DCUSA</h2> <p><i>Raised on the 7 March 2017 as a Standard Change</i></p>	01 – Change Proposal
	02 – Consultation
	03 – Change Report
	04 – Change Declaration
<p>Purpose of Change Proposal:</p> <p>The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract under which Electricity Distributors provide use of their distribution systems, at present primarily to Electricity Suppliers and other licensed electricity distributors. Parties to DCUSA may raise change proposals to it.</p> <p>This change proposal DCP 295 seeks to facilitate the accession to the DCUSA of CVA Registrants who use Distribution Systems. The intent is that the DCUSA would become the standard contractual terms for CVA Registrants, negating the need for new bilateral Use of System Agreements between Distributors and the subset of CVA Registrants who are not already DCUSA Parties. This will be more efficient and will save administrative cost and effort for Distributors and CVA Registrants, in addition to the benefits of applying consistent contract terms across the range of Distribution System users.</p> <p>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking views on DCP 295. More information on DCUSA is available at www.dcusa.co.uk</p>	
 	<p>The Workgroup recommends that this Change Proposal should:</p> <ul style="list-style-type: none"> • proceed to Consultation <p>Parties are invited to consider the questions set in section 10 and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by 04 September 2018.</p> <p>DCP 295 has been designated as a Part 1 Matter and a standard change.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP).</p>
	<p>Impacted parties: CVA Registrants, Distributors</p>
	<p>Impacted Clauses: Sections 1A, 1B, 1C, 2A, 2B, 2C and 3 Schedules 2B, 9, 11, 19 and 21</p>

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Timetable		
The timetable for the progression of the CP is as follows:		
Change Proposal timetable		
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Activity	Date	
Initial Assessment Report Approved by Panel	15 March 2017	
Consultation issued to Parties	24 July 2017	
Change Report issued to Panel	16 August 2017	
Change Report issued for Voting	18 August 2017	
Party Voting Ends	8 September 2017	
Change Declaration Issued to Parties	12 September 2017	
Authority Send Back Letter	25 May 2018	
Working Group reconvened	27 June 2018	
Consultation re-issued to Parties	30 July 2018	
Change Report re-issued to Panel	10 October 2018	
Change Report re-issued for Voting	19 October 2018	
Second round of Party Voting Ends	09 November 2018	
Change Declaration re-issued to Parties	13 November 2018	
Authority Decision	18 December 2018	
Implementation of amended DCUSA text	February 2019	
Implementation of amended NTC text	November 2019	

1. Summary

What?

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This Change Proposal (CP) seeks to modify the DCUSA to facilitate DCUSA accession for parties who are the Registrants within the CVA arrangements of the Settlements system (CVA Registrants) for future and existing sites which are connected directly to Distribution Systems.

Why?

- 1.3 Registrants of many CVA connections are already DCUSA Parties due to being Electricity Suppliers. These Parties therefore contract for Use of System with electricity Distributors under the DCUSA terms. However, there is a subset of CVA Registrants who are not DCUSA Parties and these currently must have bespoke bilateral Use of System agreements with Distributors. This CP is intended to negate the need for these bilateral agreements, through replacing them with the standard DCUSA terms, so saving cost and effort and efficiently applying consistent contract terms.

How?

- 1.4 This Change proposes to make CVA Registrants a Party Category within DCUSA governance and include references to *CVA Registrants* in all relevant sections of the DCUSA document. It also proposes to amend the National Terms of Connection to make it a condition that CVA-settled connections are registered to a DCUSA Party.

Q1: Do you understand the intent of DCP 295?

2 Governance

Justification for Part 1 Matter

- 2.1 DCP 295 has been designated as a Part 1 Matter as the proposed change impacts the governance or the change control arrangements under DCUSA. Under DCUSA a Part 1 matter is one that requires Ofgem's decision whereas a Part 2 matter is determined by Party voting.

Requested Next Steps

- 2.2 The DCP295 Working Group consulted on this change in August 2017 and subsequently progressed the proposal through to a vote. This was passed to Ofgem for final decision but Ofgem sent it back to the Working Group saying that there had not been enough engagement with impacted parties. Following the receipt of the Authority Send Back letter received on 25 May 2018, the Working Group is re-consulting to engage more effectively with industry and impacted parties and to obtain further views on the impact of DCP 295 on existing and future CVA Registrants. More information regarding the Authority's Send Back Letter can be found in Section 5 below.
- 2.3 This consultation is being issued to DCUSA Parties, the BSC secretariat, CVA Registrants and CVA connectees that the Working Group has been able to identify/obtain contact details for. In addition, the Working Group have sought support from trade associations to circulate this consultation amongst their members to ensure potential future CVA connectees have the opportunity to respond.

3 Why Change?

Background of DCP 295

- 3.1 Persons requiring Use of System contracts with Distributors for energy trading purposes fall into two categories:

- **SVA Registrants**

The overwhelming majority of connections to GB distribution systems are registered in and traded through the GB Settlements System in the Supplier Volume Allocation (SVA) processes of the BSC. Registrants of SVA connections tend to be Licensed Electricity Suppliers, whose Supply Licences require them to accede to the DCUSA and Use of System is therefore provided under DCUSA contract terms.

- **CVA Registrants**

A comparatively small number of connections to GB distribution systems are registered in and traded through the GB Settlements System in the Central Volume Allocation (CVA) processes of the BSC. Although many CVA Registrants are also Licensed Electricity Suppliers and therefore DCUSA

Parties, a small number do not have Supply Licenses, and such non-Suppliers have no obligation currently to sign up to the DCUSA.

- 3.2 Consequently, for a Connection Point that is registered within CVA and the Registrant is not already a DCUSA Party, the CVA Registrant must enter into a bilateral Use of System Agreement with a Distributor in addition to there being a normal connection agreement.
- 3.3 This Use of System Agreement tends to mirror the terms of the DCUSA, but is a bilateral agreement involving both the Distributor and the CVA Registrant and a bespoke agreement may be required for each new site. This results in extra administrative effort and legal costs for both parties in the initial setting up of the contract and for ongoing maintenance, should variations be required due to legislation or regulation change. Where variations are not agreed there is likely to be divergence between the industry standard terms (set out in DCUSA) and the bilateral contract. This adds to the complexity of contract management for all parties.
- 3.4 This Change seeks to overcome these issues by changing the DCUSA to enable such CVA Registrants to accede and be represented within a Party Category. In addition, this CP proposes an amendment to the National Terms of Connection (NTC) that will oblige CVA site connectees on those terms to ensure that their Registrant is a DCUSA Party.
- 3.5 As the templates used by Distributors for bilateral CVA Use of System Agreements closely reflect DCUSA terms, the Working Group believes that Registrant accession to DCUSA in place of bilateral agreements would not result in contractual terms which were less favourable or more onerous to any party. In addition, the DCUSA is in open governance and accession may enable affected parties to more readily engage in the DCUSA governance and change processes.
- 3.6 The Working Group confirmed and noted that parties who accede to DCUSA only in the category of CVA Registrant would not be required, under current arrangements, to contribute to DCUSA operational costs and would also not be subject to an undue administration burden due to being a DCUSA party.

Q2: Are you supportive of DCP 295?

4 Code Specific Matters

Reference Documents

- 4.1 A concurrent CP was originally raised with the Balancing and Settlement Code (BSC) (Attachment 5) in order to oblige CVA Registrants to accede to DCUSA, but this could not be progressed as the BSC Governance process considered it did not meet the BSC Objectives. On this basis, the proposal to incorporate changes to the NTC was identified as a mechanism to oblige CVA Registrants to become DCUSA Parties.

5 Working Group Assessment

DCP 295 Working Group Assessment

- 5.1 The DCUSA Panel established a Working Group to assess DCP 295. This Working Group consists of DNO representatives and an Ofgem observer. Meetings are held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 5.2 The rationale for this CP being raised was that the creation of bilateral Use of System Agreements with some CVA Registrants is an inefficiency (in set up and change management) similar to that which DNOs historically faced with bilateral Use of System Agreements with Electricity Suppliers. This inefficiency was resolved by the creation of the multi-party DCUSA in 2006, as the DCUSA contains standard Use of System contractual terms which apply to the Parties. DCP 295 seeks to include terms within the DCUSA to facilitate CVA Registrants being Parties to DCUSA and to help to oblige them to be.
- 5.3 Currently within DCUSA, the existing Party Category for parties who require to use Distribution Systems for energy trading and are not Suppliers is named 'DG Parties' and is therefore exclusive to embedded generators. However, currently there is only one member of this Party Category and not all CVA Registrants requiring use of the system are necessarily generators. Following discussion and its first consultation, the Working Group concluded that opening the Party Category to any type of CVA Registrant would be an improvement to DCUSA accessibility. The changes required to the DCUSA text to enable this change could consist of simple wording changes, replacing 'DG Party' with 'CVA Registrant'.
- 5.4 The Working Group discussed that for some sites the Owner and the Registrant are not the same so there is cause to have two separate agreements, one for Connection and one for Use of System, in place. It should be noted that some of the CVA Registrants are already DCUSA Parties by being Suppliers, therefore, changing the DCUSA terms to facilitate CVA Registrants to accede to DCUSA would mean that all users of the system (who are party to DCUSA) are on consistent terms. The relationship between the CVA Registrant and the Owner would be treated in the same way as the relationship between Suppliers and Customers.
- 5.5 Given the closure of the BSC route to oblige CVA Registrants to accede to DCUSA, it was agreed that the best way to move forward with this would be to amend the National Terms of Connection so that CVA customers on those terms would be obliged to use CVA Registrants who are DCUSA Parties. While this may not cover all situations, it was felt that this was the best solution to avoid a situation where CVA Parties may become DCUSA Parties, but no non-Suppliers do so.

Q3: Will there be an impact on the existing connection agreements between Distributors and Customers? Please explain your rationale.

Q4: Will there be an impact on the existing Use of System terms between DNOs and CVA Registrants? Please explain your rationale.

Authority Send Back Letter

- 5.6 On 25 May 2018, the Authority published a Send Back Letter (Attachment 4) to inform the DCUSA Panel that they could not make a determination on this CP and requested that further work needed to be conducted to obtain further views on the impact this CP would have on existing and future CVA Registrants.

Rights and Obligations of New DCUSA Parties

- 5.7 The Working Group assessed the impact of CVA Registrants acceding to the DCUSA and what this would mean for them:
- New (and potentially some existing) CVA Registrants would be obliged to accede to the DCUSA but would incur no extra cost;
 - CVA Registrants would be eligible, but not obliged, to join Working Groups to help develop industry change and solutions;
 - CVA Registrants would be obliged to have a DCUSA Contract Manager who will receive all communications regarding DCUSA Change Proposals and any other relevant DCUSA information. This will ensure that CVA Registrants will be aware of any DCUSA-related industry change that may impact them before it is approved by Ofgem (if necessary);
 - CVA Registrants would be eligible, but not obliged, to vote on any DCUSA Change Proposal to ensure that their view is put forward; and
 - CVA Registrants will be eligible, but not obliged, to raise any DCUSA Change Proposal that they believe will benefit the industry.

6 Legal Text

- 6.1 The proposed legal text is attached to this consultation.
- 6.2 This shows how CVA Registrant Parties would be incorporated into DCUSA by replacing references to “DG Parties” in DCUSA.
- 6.3 In addition, the legal text proposes changes to the National Terms of Connection. This will impact those CVA connectees who are on the NTC or whose Connection Agreement cross references the NTC. It will oblige them to use a CVA Registrant who is a Party to DCUSA.
- 6.4 Views are sought on the draft legal text found as Attachment 2.

Q5: Do you have any comments on the proposed legal text for DCP 295, including the changes to the National Terms of Connection?

Q6: Do you think for clarity the DCUSA legal text should also specify that an existing Supplier, DNO or IDNO DCUSA Party cannot be treated as a CVA Registrant as well?

7 Relevant Objectives

Assessment Against the DCUSA Objectives

- 7.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. The Working Group is interested in parties' views on which of the following DCUSA General Objectives are better facilitated by this change and why.

Q7: Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.

DCUSA General Objectives:

General Objective 1 - The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks

General Objective 2 - The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity

General Objective 3 - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

General Objective 4 - The promotion of efficiency in the implementation and administration of the DCUSA

General Objective 5 - Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

8 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

- 8.1 No.

Consumer Impacts

- 8.2 While the preference may be to ensure that all CVA Registrants become party to DCUSA, the practical impact of this change will be evolutionary. Currently, existing CVA Registrants will either have bilateral Use of System agreements with Distributors or already be DCUSA Parties. Existing CVA customers who have bilateral connection agreements which do not reference the NTC or who are not directly bound by the NTC themselves will not be impacted by this Change. Equally, if their CVA Registrant is already a DCUSA Party, they will be unaffected.

- 8.3 However, the NTC changes will oblige some CVA customers on those terms to take action with their CVA Registrant, as they will be obliged to use a CVA Registrant who is party to DCUSA.
- 8.4 Similarly, Distributors may be required to terminate existing Use of System Agreements as existing CVA Registrants with bilateral agreements accede to DCUSA.
- 8.5 The Working Group's views on the impact on a CVA Registrant is as follows:
- A new CVA Registrant would be obliged to accede to the DCUSA;
 - An existing CVA Registrant that is already a DCUSA Party would not be affected;
 - An existing CVA Registrant that is not a DCUSA Party but is the Registrant for a site connected on NTC terms will be required to accede to the DCUSA; and
 - An existing CVA Registrant that is not a DCUSA Party and is the Registrant for a site which is connected on terms other than the NTC would not be affected and accession would be voluntary.
- 8.6 The Working Group's view is that there will only be a small number of existing and future CVA Registrants who would be impacted by this Change Proposal.

Q8: Do you believe that only a small number of CVA Registrants would be impacted by this Change Proposal? Please provide your rationale.

Environmental Impacts

- 8.7 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 295 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

Engagement with the Authority

- 8.8 Ofgem has been given opportunity to be fully engaged throughout the development of DCP 295 as an observer on the Working Group. They have received all meeting documentation but have not attended any of the Working Group meetings.

Q9: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

Q10: Are there any alternative solutions or unintended consequences that should be considered by the Working Group?

9 Implementation

- 9.1 It is proposed that the body text changes of DCP 295 are implemented in February 2019. The changes to the NTC may mean that some CVA customers and their Registrants need a period of lead time to comply with the proposed changes through the Registrant's accession¹ to DCUSA prior to the NTC changes taking effect. It is proposed therefore that the changes to the NTC will be implemented in November 2019.
- 9.2 The Working Group considered, after consultation with the DCUSA Secretariat, on the typical time required to process a DCUSA accession application and concluded that six months is a reasonable lead time. Respondents are invited to consider whether this would be a suitable implementation approach and if sufficient time is proposed to enable compliance.

Q11: Do you agree with the phased approach for the implementation of this change? Please provide your rationale.

10 Consultation Questions

- 10.1 The Working Group is seeking industry views on the following consultation questions:

Number	Questions
1	Do you understand the intent of DCP 295?
2	Are you supportive of DCP 295?
3	Will there be an impact on the existing connection agreements between Distributors and Customers? Please explain your rationale.
4	Will there be an impact on the existing Use of System terms between DNOs and CVA Registrants? Please explain your rationale.
5	Do you have any comments on the proposed legal text for DCP 295, including the changes to the National Terms of Connection?
6	Do you think for clarity the DCUSA legal text should also specify that an existing Supplier, DNO or IDNO DCUSA Party cannot be treated as a CVA Registrant as well?

¹ A copy of the DCUSA Accession process can be found using the following link:
https://www.dcusa.co.uk/SitePages/Documents/Guidance-and-Templates_Accession.aspx

7	<p>Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.</p> <ol style="list-style-type: none"> 1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks 2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity 3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences 4. The promotion of efficiency in the implementation and administration of this Agreement 5. Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.
8	Do you believe that only a small number of CVA Registrants would be impacted by this Change Proposal? Please provide your rationale.
9	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
10	Are there any alternative solutions or unintended consequences that should be considered by the Working Group?
11	Do you agree with the phased approach for the implementation of this change? Please provide your rationale.

10.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than **04 September 2018**.

10.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

Attachments

- Attachment 1 – DCP 295 Consultation Response Form
- Attachment 2 – DCP 295 Draft Legal Text
- Attachment 3 – DCP 295 Change Proposal
- Attachment 4 – DCP 295 Authority Send Back Letter
- Attachment 5 – BSC Modification Proposal Form